

NEW APPLICATION



0000085162

ORIGINAL

ARIZONA CORPORATION COMMISSION



2008 MAY 27 A 10:43

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

MAY 27 2008

DOCKETED BY

*mm*

**FINANCING APPLICATION**

*Beaver Dam Water Co. Inc.*  
UTILITY NAME

W-03067A-08-0266

DOCKET NO(S)

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance.

IN ORDER TO PROCESS YOUR APPLICATION  
PLEASE FORWARD THE ORIGINAL  
AND THIRTEEN COPIES OF THE  
**APPLICATION** PLUS  
THREE PACKETS OF THE SUPPORTING  
DOCUMENTATION TO:

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL CENTER  
1200 WEST WASHINGTON STREET  
PHOENIX, ARIZONA 85007

Application information regarding Arizona Revised Statutes 40-301 and 40-302

1. Beaver Dam Water Company  
230 South Hillside Dr.  
P.O. box 550  
Littlefield, Arizona 86432
2. G. Robert Frisby P.O. box 307 President, Beaver Dam Water Company Inc.
3. This request is for emergency (debt) authorization from the ACC for in support of a loan with the WIFA funding agency in the amount of \$104,283.00 (May 17, 2008). The term of the debt will be 20 year with annual interest rate of 5.5 % to be paid monthly over the term of the promissory note. This debt will be unsecured.  
For the purpose as follows:
4. Not Applicable.

**Summarization of the problem:**

The area served by Beaver Dam Water Company #2 lies adjacent to the Arizona/Nevada State line. Historically, Virgin Valley Water District in Mesquite, Nevada supplied residences within this service area by piping water from their sources and facilities in Nevada across the state line into Arizona. The District was supplying their customers in Arizona without a Certificate of Convenience and Necessity from the Arizona Corporation Commission.

In 2001 Virgin Valley Water District asked Beaver Dam Water Company to extend its CC&N to provide service to this area and Beaver Dam Water Company agreed with the stipulation that Virgin Valley Water District maintain a connection and provide for emergency service and fire flow. The District entered into an agreement with Beaver Dam Water Company to provide emergency service and fire flow. I would also point out the transcript of Mr. Winters' General Manager for VVWD testimony of January 14, 2002 at the Arizona Corporation Commission. Per that transcript, Mr. Winters was questioned and answered as follows:

Q. Is your understanding of the agreement regarding a renewal that a renewal would be — there would be a renewal if the company made good-faith efforts to drill a well if it was unable to gain a satisfactory supply of water?

A. I think that's very possible. I think our board has every intention to always be a provider, if need be, to Beaver Dam Water Company. After the five years, if he has a well up and everything, we will be there for an emergency if he needs it.

Beaver Dam Water Company sought and obtained an extension of its service area and acquired Palms Well #2. This well is 966 ft. deep with a 20" casing fitted with an 8-inch 125 hp turbine pump.

In 2006, ADEQ issued an Approval To Construct for improvements to the well, pump and water mains necessary for Beaver Dam Water Company to assume service to the area. The turbine pump was fitted with a VFD unit and associated controls to allow the use of the Palms Well #2 to lift water from the well and maintain system pressure. August 18, 2005 Virgin Valley Water District (VVWD) addressed a letter to Michael Howeth Arizona Department of Environmental Quality Stating "...do not foresee any changes to the contract in regards to providing fire protection and emergency domestic service..." (attached). 4A

On February 17, 2005 VVWD entered in to a contract with Wind River Resources (WWR) an Arizona LLC which would pump 14,000 acre-feet per year to VVWD. March 15, 2005 WWR applied to Arizona Department of Water Resources (ADWR) to transfer 14,000 acre feet, equivalent to more than 4.5 billion gallons, of water per year from Mormon Wells (which is 1.5 miles upstream of Beaver Dam Wash, AZ) to VVWD Mesquite, NV.

In September of 2006 the community became aware of the application to transport water to Nevada by WWR. Local meetings were held and a committee was formed Nonevadawatergrab.com to stop the transfer of water out of the State of Arizona.

On October 13, 2006 Commissioner Mayes proposed a town meeting be held February 22, 2007. These and many other efforts brought about Arizona Department of Water Resources for denial of the application 4B

The improvements were completed and approved and Beaver Dam Water Company initiated service to the area. Soon thereafter, Virgin Valley Water District stopped providing the emergency service and fire flow.

Beaver Dam Water Company responded as quickly as possible by installing additional well pumps, and pressure booster pumps. The water company also installed a 36,424-gallon storage tank. These improvements were constructed for Scenic Investments, LLC to satisfy a portion of the \$80,000 line extension commitment. Beaver Dam Water Contributed \$25,971 of these improvements.

The Water Company was hopeful that the redundant pumps in the well might be accepted as separate sources by ADEQ. ADEQ has issued an Approval of Construction (ADEQ File #20070510) with the stipulation that additional storage be constructed to satisfy the requirements of AAC R18-5-503. (Attached ADEQ 8/10/07). 4C

Enclosed find a cost estimate for the storage improvements required to meet the community's needs. Beaver Dam Water needs this funding for existing customers as follows:

## 5. Budget

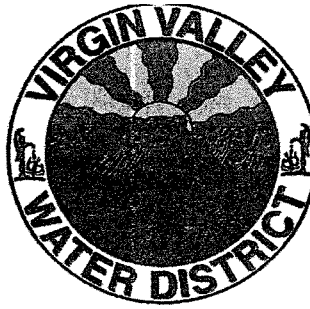
### Water System #2 – Distribution System Improvements

<u>Item</u>	<u>% Project</u>	<u>Cost</u>
Improvements Completed 2006 – Scenic Investments, LLC		
Booster Pumps, Submersible Pumps, Variable Frequency Drive		\$33,700
Piping, Fittings, Valves, Misc.		\$9,316
Steel Storage Tank (36,424 gallons)*		\$22,582
Total 2006 Scenic Investments, LLC Improvements	31.2%	\$65,598
Scenic Investments, LLC – Additional Storage for Build-Out (65,117 gallons)*	19.2%	\$40,373
Total Improvements Dedicated to Scenic Investments, LLC	50.4%	\$105,971
Scenic Investments, LLC Improvements Financed by Beaver Dam Water Co.	12.4%	\$25,971
Scenic Investments, LLC Improvement Financed by Line Extension Commitment	38%	\$80,000
<b>Existing Commitments – Storage Required at Build-Out (138,198 gal.+30,000 gal. Fire Flow)*</b>	<b>49.6%</b>	<b>\$104,283</b>
Total Additional Storage Required at Build-Out (203,315 gal.+30,000 gal. Fire Flow)*		\$144,655
Total Project	100%	\$210,254
*Storage tank cost = \$0.62 per gallon		

We are requesting funding for \$104,283 for the storage volume required to satisfy AAC-R18-5-503 for the existing service commitments. This comprises 49.6% of the total distribution system improvements project cost. The \$105,971 dollar balance or 38% of the project costs are being financed by a line extension commitment with Scenic Investments, LLC and 12.4% by Beaver Dam Water Company.

6. Beaver Dam Water Co. II # 08-127 is a privately-owned publicly controlled water purveyor that is in compliance (Drinking Water Compliance Report, enclosed). Storage Tank is needed to meet to satisfy the requirements of AAC R18-5-503. (Attached ADEQ 8/10/07) and to protect the water users, facilities and provide the community with much needed emergency back up and fire protection.

7. NA
8. Application pending ACC approval contact Jon Bernreuter with WIFA
9. Enclosed find balance sheet for year and 2007.
10. Attached.



August 18, 2005

Mr. Michael Howeth  
Arizona Dept. of Environmental Quality  
1515 E. Cedar Avenue, Suite F  
Flagstaff, AZ 86004

**RE: Fire Flow Protection and Emergency Domestic Service for  
Beaver Dam Water Co.**

Dear Michael:

The Beaver Dam Water Company is currently under a contract with the Virgin Valley Water District. This contract is due for renewal in August of 2006. I do not foresee any changes to the contract in regards to providing fire protection and emergency domestic service for Beaver Dam until such time as they are prepared to provide their own.

Please feel free to call should you need further information regarding this matter.

Sincerely,

Michael Winters  
General Manager, VVWD

MW/mtj

C: Bob Frisby

4B

**COMMISSIONERS**  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG



**ARIZONA CORPORATION COMMISSION**

**KRISTIN K. MAYES**  
Commissioner

Direct Line: (602) 542-4143  
Fax: (602) 542-0765  
E-mail: kmayes@azcc.gov

October 13, 2006

Chairman Jeff Hatch-Miller  
Commissioner William A. Mundell  
Commissioner Mike Gleason  
Commissioner Barry Wong

**Re: Application by Wind River Resources, a Nevada Corporation, to pump Arizona water supplies to Nevada; Impact on Arizona Water Companies; Beaver Dam Water Company, Docket No. W-03067A-06-0117**

Dear Colleagues and Parties to the Docket:

Recently, it has come to my attention that Nevada-based Wind River Resources, LLC has applied to the Arizona Department of Water Resources (ADWR) for permission to export water from a remote area of northwestern Arizona served by the Beaver Dam Water Company to an area in Nevada.

According to the application, which was filed at ADWR pursuant to Arizona Revised Statute (A.R.S.) §§ 45-291 et seq., Wind River would drill three wells near what is called Beaver Dam Wash in Arizona, and transport the water for use by the Virgin Valley Water District located in Mesquite, Nevada. It appears as though Wind River Resources has purchased land inside Arizona near the Beaver Dam Wash which it intends to use as a water farm for its housing developments in Nevada. The proposal calls for an initial exportation of 800 acre feet per year to Nevada, rising to 14,000 acre feet per year between 2045 and 2055. Additionally, the application states that the Nevada water district would use the Arizona water to blend out arsenic in its water supply, and would then re-import some of that blended water back to Arizona and the Beaver Dam area.

Recently, a number of residents within the Beaver Dam Water Company's service territory have expressed concern about this plan, including that it could drain precious water supplies away from the Beaver Dam area and harm the ability of this Arizona water company to provide safe and reliable service to its customers.<sup>1</sup>

This plan has prompted ADWR to take the prudent step of scheduling a public comment session in the Beaver Dam area to hear the concerns of local residents sometime in November. ADWR

<sup>1</sup> In addition to filing this letter in the docket addressing a Beaver Dam Company application for a CC&N extension, I am docketing an email with attachment I received from the President of the Beaver Dam Water Company detailing his concerns.

ACC Commissioners  
October 13, 2006  
Page 2

also intends to hold a hearing on the matter, overseen by an Administrative Law Judge, in the Beaver Dam area.

I believe this unprecedented proposal has the potential to negatively impact at least one water company regulated by this Commission.<sup>2</sup> I am also concerned about the precedent this proposal could set for the exportation of Arizona groundwater to other states. Therefore, pursuant to our duty to safeguard the customers of Arizona water companies, I believe it is necessary for the Commission to monitor the case before ADWR on the matter, and believe that our Staff should attend the scheduled ADWR hearings, perhaps as official intervenors. Furthermore, I propose that the Commissioners hold a town hall on the matter in the Beaver Dam area in order to gather information about the impacts of the proposal and the concerns of the affected customers of the Beaver Dam Water Company.

Finally, I believe it is appropriate for this issue to be addressed during the upcoming hearing on Beaver Dam Water's application for an extension of the company's CC&N. Therefore, I will be docketing the Wind River Resources Application before ADWR in the Beaver Dam CC&N application docket.

Thank you for your consideration of this matter.

Sincerely,



Kris Mayes  
Commissioner

Cc: Brian McNeil  
Ernest Johnson  
Heather Murphy  
Herb Guenther

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<sup>2</sup> As part of the Commission's analysis of the Wind River Resources Application, I would like to know whether it would impact any other water companies located in northwestern Arizona.





ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
DRINKING WATER WELL FACILITIES

Page 1 Of 2

<b>ADEQ File No:</b> 20070510		<b>LTF No:</b> 44784	
<b>System Name:</b> Water System #2		<b>System Number:</b> 08-127	
<b>Project Owner:</b> Beaver Dam Water Company			
<b>Address:</b> Po Box 550, Beaver Dam, AZ 86432			
<b>Project Location:</b> Beaver Dam		<b>County:</b> Mohave	
<b>Description:</b> TWO SUBMERSIBLE WELL PUMPS IN EXISTING PALMS WELL #2 (ADWR #55-551856), NEW BOOSTER STATION, RELOCATED WATER STORAGE TANK, AND RELATED PIPING TO PROVIDE EMERGENCY SERVICE AND FIRE FLOW TO BEAVER DAM WATER COMPANY #2 SERVICE DISTRICT.			

*Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Northern Regional Office located in Flagstaff. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by : JD1

By: Kwame Al Agyare 7/19/07  
Kwame Al Agyare, P.E. Date  
Manager, Drinking Water and  
Wastewater Engineering Review  
Water Quality Division

cc: File No : 20070510  
Regional Office: Northern  
Owner: Beaver Dam Water Company  
County Health Department: Mohave  
Engineer: Leslie & Associates  
Planning and Zoning/Az Corp. Commission  
Engineering Review Database - Etr022

**CERTIFICATE OF APPROVAL TO CONSTRUCT  
WATER FACILITIES**

**ADEQ File No. 20050510**

**Page 2 of 2 : Provisions, continued**

5. Total storage capacity shall be equal to or greater than 1 day of demand during the peak month of the year and fire demand.

COMPANY NAME

Beaver Dam Water Company, Inc.

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 27,295	\$ 29,621
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	2,126	5,701
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 30,021	\$ 35,322
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 1,000,528	\$ 1,032,678
103	Property Held for Future Use		163,790
105	Construction Work in Progress	204,644	40,853
108	Accumulated Depreciation - Utility Plant	1,292,409	1,332,469
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 921,673	\$ 904,852
	<b>TOTAL ASSETS</b>	\$ 951,694	\$ 940,174

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME Beaver Dam Water Company, Inc.**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	35,550	47,433
236	Accrued Taxes	1,974	1,720
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 37,524	\$ 49,153
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 166,022	\$ 160,975
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	531,619	614,334
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	84,750	84,750
272	Less: Amortization of Contributions	< 16,950 >	< 21,187 >
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 599,419	\$ 677,897
	<b>TOTAL LIABILITIES</b>	\$ 802,965	\$ 888,025
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 172,204	\$ 172,204
211	Paid in Capital in Excess of Par Value	41,920	41,920
215	Retained Earnings	< 65,395 >	< 161,975 >
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 148,729	\$ 52,149
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 951,694	\$ 940,174

COMPANY NAME *Beaver Dam Water Company, Inc.*

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 185,671	\$ 227,824
460	Unmetered Water Revenue <i>Bulk Water</i>	29,282	6,961
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$ 214,953	\$ 234,785
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 58,094	\$ 53,233
610	Purchased Water	8,103	6,781
615	Purchased Power	18,036	27,985
618	Chemicals		3,085
620	Repairs and Maintenance	33,483	55,053
621	Office Supplies and Expense	3,225	3,915
630	Outside Services	7,743	71,992
635	Water Testing	6,026	6,835
641	Rents - <i>Equipment</i>	2,477	
650	Transportation Expenses	7,893	7,780
657	Insurance - General Liability	13,026	12,872
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	22,544	12,815
403	Depreciation Expense	48,455	48,970
408	Taxes Other Than Income	13,013	10,948
408.11	Property Taxes	16,215	8,426
409	Income Tax	5,080	
	<b>TOTAL OPERATING EXPENSES</b>	\$ 263,413	\$ 330,690
	<b>OPERATING INCOME/(LOSS)</b>	\$ < 48,460 >	\$ < 95,905 >
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 0	\$ 1
421	Non-Utility Income	4,237	4,237
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	< 4,476 >	< 4,912 >
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ < 239 >	\$ < 674 >
	<b>NET INCOME/(LOSS)</b>	\$ < 48,699 >	\$ < 96,579 >

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**PUBLIC NOTICE OF APPLICATION FOR ORDER AUTHORIZING ISSUANCE OF  
DEBT BY BEAVER DAM WATER COMPANY:**

Beaver Dam Water Company filed an application with the Arizona Corporation Commission for and order authorizing Applicant to issue \$104,283.00 (gross proceeds) of Security to be issued). The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona and the Beaver Dam Water Company's office in Beaver Dam Development Dam, Arizona.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervener and of any persons upon whom service of documents is to be made if different than the intervener.
2. A short statement of the proposed intervener's interest in the proceeding.
3. Whether the proposed intervener desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to intervene has been mailed to Applicant. The granting of Motions to Intervene shall be governed by A.C.C. R14-3-105 except that all Motions to intervene must be filed on, or before, the 15<sup>th</sup> day after this notice.